

# Keith Robertson

## Internal Audit Services

### WARBLETON PARISH COUNCIL

#### Internal Audit Report 2020-21

##### Introduction

In accordance with the Internal Audit Plan, Controls and Procedures have been tested. The tests were to the standards and practices defined in the Governance and Accountability for Smaller Authorities 2019 and meet the needs of the Council. I confirm that I do not have any role within the Council and have carried out my duties without bias.

The audit was completed on 27<sup>th</sup> April 2021 on line by video conference with the Clerk/RFO, Council Chairman and Chairman of the Finance Committee.

The audit confirmed that the financial management and internal controls applied in 2020-21 were good. There are no issues that require noting on the IA for 2020-21. All of the applicable IA controls objectives have been met for reporting on the AGAR 2020-21. I have made some reporting format recommendations that would further improve controls which the Council will consider. The issues noted on Governance in the 2019-20 internal audit have also been addressed and resolved.

The report below highlights the findings of the audit with reference to the Internal Control Objectives and Governance Statements in the Annual Return.

##### **Items reported in Audits from 2019-20**

**External Audit** – Section 2, Box 2 a small adjustment between Box 2 and Box 3 is needed. **Completed.**

**Internal Audit** – See prior year report – All of the points noted have been addressed and actions taken to resolve to a standard that satisfies the internal control objectives for 2020-21 reporting. **Completed**

##### **Internal Audit Report 2019-20**

###### **A. Appropriate Accounting Records.**

- A.1 The cash book is held in Excel and is kept up to date. The data held for each transaction is correct; the cash book is arithmetically correct and regularly balanced. Vat is properly accounted for.
- A.2 Financial year end reports produced agree to the financial records and the AGAR.
- A.3 The cash book does not have specific dates for all transactions, with some only defined by month of payments. **It is recommended that all transactions are dated.**

###### **B. Financial Regulations, documentation and approvals.**

- B.1 New Standing orders and Financial regulations were adopted in 2020 and will be updated again in May 2021. These are based on NALC standards and meet the need of the Council. Sample checks confirmed these regulations are being applied.
- B.2 Expenditure Approval. All of the items chosen in the sample of payments from the cash book were supported by invoices/supporting documentation and VAT was correctly accounted for.
- B.3 Copy invoices for payment are sent to Cllrs approving on line payments. On line bank payments are entered by the Clerk and approved on line by mandated Councilors. When face to face meetings are again possible invoices will be also be initialled as approved.
- B.4 Expenditure authorisation is minuted and refers to payments listed.
- B.5 Agendas & Minutes are sent out in time are well presented.
- B.6 VAT is correctly accounted for. VAT returns for 2019-20 and 2020-21 have been prepared but not yet submitted.
- B.7 The Council did not exempt from an external audit for 2019-20 and is considering exception for 2020-21

**C. Risk**

- C.1 A formal risk register is held and is adequate for the needs of the Council.
- C.2 Internal Audit Effectiveness. The F&GP committee regularly review controls and have effectively implemented changes during 2020-21 to significantly improve controls and have created new policies to mitigate risks.
- C.3 Insurance – The Parish Council’s Insurance cover is more than adequate for the asset values listed in the register. The asset values have been reviewed and the policy will be reviewed in line with the new assets listed in 2021.
- C.4 Data is now safely backed up with recovery procedures in place.

**D. Budgeting & Precept**

- D.1 Budgetary Control – An annual budget is prepared in support of the precept, which considers prior year actual, actual to date and forecast R&P. Reserves are considered when setting budgets. The budget review process is robust and well managed via the F&GP. Budgets and the precept were properly approved by the Council.
- D.2 The precept for 2021-22 provides for adequate reserves. The Council will consider a 3-year broad outlook for the 2022-23 budget process to ensure adequate future funding.
- D.3 Reporting. Actual expenditure is reported and is compared to the budget by quarter. Any significant variances are explained. *It is recommended that a new format for reporting reserves is considered to show open balance, movements and close balances for all reserves when budgeting and reporting actual spend*
- D.4 Reporting of actual R&P versus budget is split between precept funded and Cil funded. There is no total R&P budget monitoring report. *It is recommended that a total budget monitoring report is produced to ensure that totals reported agree the accounting records. Partial reporting can present a risk of mis-reporting.*

**E. Receipts.** Receipts are primarily from the precept with adequate controls in place.

**F. Petty Cash** – No petty cash is held.

**G. Employee Costs**

- G.1 Staff Wages – Sample checks on salary payments confirmed that these were properly accounted for and approved by the Council.

**H. Assets**

- H.1 An Asset register has been created to list all assets and apply values where possible.

**I. Bank Reconciliations.**

- I.1 Bank Reconciliations are completed monthly and reviewed by the Council. Bank reconciliations as 31-3-21 were reviewed in this audit and confirmed as correct.

**J. Accounting Statements.**

- J.1 The accounts are maintained on a receipts and payments basis using a Excel spreadsheet and agree to the financial reports and the Annual Return.
- J.2 There is an audit trail through the financial records with all items sampled being properly reported and approved.
- J.3 Reserve’s total £28K. Earmarked reserves are reported to be £15K including CiL of £13K. General reserves of £13K with an £18K precept are considered adequate by the Council.

**K. Limited Assurance Review Exemption.**

The Council did not exempt itself in 2019-20

- L. Transparency code Councils not exceeding £25000.** The Council did not exempt in 2019-20 and so was not required to publish during 2020-21
- M. Notice of Public Rights 2019-20.** The Council correctly posted this notice on its website in 2020-21
- N. Publication requirements 2019-20 AGAR.** The Council correctly published the required documents for 2019-20 during the deadlines extended due to Covid restrictions.
- O. Trustees.** The Council is not a trustee.

Keith Robertson FCMA  
Internal Auditor

Issued 10<sup>th</sup> July 2020